

FSC-59-B		4/8/98	
SUBJECT: Transferring RJR Match Dollars to Base			
DISTRIBUTION:			
<u>X</u> AVP	<u>X</u> KAM	<u>X</u> DM	
<u>X</u> RSM	<u>X</u> AM	<u>X</u> RM	
<u>X</u> RBM	<u>X</u> AE	_____ Sales Rep	
<u>X</u> ROM		_____ Retail Rep	

*(Please distribute to Sales and Retail Representatives.)*

**Objective:** Explain issues related to transferring RJR Match Dollars to Base for discount spending for 1998.

**Purpose:** Inform Field Sales personnel of importance of transferring RJR Match to Base.

- In 1998, RJR Match dollars spent on **discounting programs are to be transferred to Base:**
  - To accurately measure the promoted volume generated from the Retail Accrual Program.
  - To alleviate administrative burden of using separate reporting codes for discounting payments when making payments to accounts for RJR Match.
  - To ensure accurate reporting of 1099 MISC income for the retailer.
- If RJR Match "dollar" denomination reporting codes are used, promoted volume is understated.
  - When Base reporting codes are used, true denominations of placements are reported, which generates more accurate promoted volume.
- It is important to select the proper BRAND reporting code, especially with the use of multi-brand preprinted coupons.
- By using the true denominations and brand for the discount spending, we have a realistic indication of what value and level of promotion is needed in responding to our competitors' activity. This information will also help ensure enough resources are available for your retailers.
- **Please use the following steps in spending RJR Match:**  
(Remember: Match dollars should be used for point-of-difference promotions.)

**Match Discounting**

- 1) Plan Spending
- 2) Transfer Dollars from Match to Base
- 3) Pay program utilizing **DISCOUNTING** Reporting Codes

**Match Non-Discounting (including premium items)**

- 1) Plan Spending
- 2) Leave Dollars in Match
- 3) Pay program utilizing **MATCH** Reporting Codes
- 4) Inform retailer to retain documentation for any of these programs for 1099 tax purposes

Program Contacts: Anne Cullip, extension #1401  
Jim Perry, extension #4360

R. J. REYNOLDS TOBACCO COMPANY

51842 6685